

**CENTRAL INTELLIGENCE AGENCY**

## REPORT

# INFORMATION REPORT

CD NO.

COUNTY OF Santa Barbara

DATE DISTR

19 and 1955 Planned Gross Production Ministry  
of Machine Construction

NO OF PAGES

**PLACE  
ACQUIRED**NO OF ENCLS.  
(LISTED BELOW)

25X1

DATE OF INFO.

SUPPLEMENT TO  
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794 OF THE U. S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO AN ENEMY BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE PENALTIES FOR THE VIOLATION OF THESE LAWS ARE SEVERE.

THIS IS UNEVALUATED INFORMATION

25X1

After the State Planning Commission reduced the Gross Production Plan and simultaneously increased the Profit Plan for 1954 of all enterprises affiliated with the East Germany Ministry for Machine Construction, all Main Administrations under this Ministry intervened with the State Planning Commission in what came near to being a concerted action. It was pointed out to the Minister for Machine Construction and to the State Planning Commission that these plan changes involving reduced production and at the same time increased profits could not possibly be carried through without also reducing sharply the Manpower Plan. As a result of this action, the State Planning Commission, around 10 July 1954, decided on a new plan, one changing only the Gross Production Plan. The Gross Production Plan for 1954 was raised again, adding absolute amounts varying between five million DME and twenty million DME per Main Administration (for all enterprises) to the totals provided for in the plan change made in late June 1954. This, however, was done under the provision that no new material for production would be needed for the increase planned around 10 July 1954.

2. The following table lists Gross Production in measurement values <sup>2</sup> as provided for ~~in~~ in the original plan of the State Planning Commission, second in the plan as established in 10 July 1954, and, for comparison, in the 1955 Gross Production Plan. The table does not indicate the changes made in late June 1954 and rescinded in the meantime. The change made around 10 July was approved by the Council of Ministers and declared final by the State Planning Commission. The 1955 Plan is of a preliminary character only and therefore is subject to change. All amounts are in thousands of DME and measurement values:

<u>Main Administration for:</u>	<u>Original plan</u>	<u>10 July 1954 Plan</u>	<u>1955 Plan</u>
I. Heavy industrial equipment	1,019,059	968,240	982,256
II. Chemical, ceramic and food industries	451,927	433,377	433,880
III. Polygraphic and textile industries	228,092	220,310	245,504
IV. Machine tool construction	279,193	250,063	276,747

25X1

CLASSIFICATION      SECRET

STATE		NAVY	NSRB	DISTRIBUTION			
ARMY	AIR	FBI				ORR EV	K

SECRET

-2-

Main Administration for:	Original plan	10 July 1954 Plan	1955 Plan
V. Foundries	213,511	176,963	219,350
VI. Boiler and turbine construction	325,041	265,908	300,320
VII. Power-generating and production machinery construction	414,139	392,159	397,939
VIII. Electric-machine construction	600,916	597,458	642,683
IX. Ship construction	586,566	529,773	563,479
X. Automobile and tractor construction	1,016,658	1,024,553	1,199,823
XI. Locomotive and railroad car construction	364,929	363,573	364,765
XII. Agricultural machine construction	190,869	201,125	239,984
XIII. RFT	825,748	823,895	887,900
IVX. Precision mechanics and optics	808,747	748,961	814,000
VX. Cable and apparatus construction	1,041,844	1,081,452	1,166,250
VXI. Light machine construction	641,816	584,050	621,485
VXII. Iron, sheet metal and metal products	339,103	312,232	300,360

3. The profit rate change for 1954 which was carried out in late June and early July 1954 and which was confirmed by the Council of Ministers can be seen from the following table.

This table lists in percentages the relation between production costs (Selbstkosten) and production (Warenproduktion) as set down in the original plan of the State Planning Commission and after the change in late June and early July 1954. Only the percentage rate has so far been definitely planned and not the total amounts. These can only be determined after the changed plans are processed in the individual enterprises and returned to the Ministry, which is not expected to happen before late August 1954.

Relation of production costs to production (percent):

Main Administration for:	Original Plan 1954	Changed plan June/July 1954
I.	85.88	85.85
II.	88.1	85.43
III.	92.0	92.34
IV.	86.1	82.14
V.	91.71	91.36
VI.	87.4	86.69
VII.	84.65	80.95
VIII.	91.14	90.46
IX.	91.1	92.94
X.	79.3	77.80
XI.	77.35	77.68
XII.	87.2	86.90
XIII.	81.19	80.74
IVX.	79.5	69.74
VX.	77.95	74.06
VXI.	74.0	69.74
VXII.	33.23	81.34

25X1

25X1

1. [redacted]  
2. [redacted] Comment: Measurement values in most cases greatly differ from the actual factory sales prices. Measurement values are used in the planned economy of East Germany because they are stable throughout an entire planning period (Five-Year Plan) and thus are more likely to

-2-

SECRET

**Page Denied**